The Role Of Satisfaction In Mediating The Effect Of Service QualityOn Taxpayer Loyalty At The Lubuk Pakam Primary Tax Service Office

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Abstract

This study aims to analyze the role of taxpayer satisfaction in mediating the effect of service quality on taxpayer loyalty at the Lubuk Pakam Tax Office (KPP). Tax is a major source of state revenue, so efforts to increase taxpayer satisfaction and loyalty are important aspects in strengthening voluntary compliance. Good service quality is believed to be able to build satisfaction and foster taxpayer loyalty to the tax institution. The research method used is quantitative with a *Partial Least Squares (PLS)* approach. The research population consists of 1,265 registered taxpayers in Bakaran Batu Village, Lubuk Pakam District, with a sample of 93 respondents obtained using the Slovin formula. Primary data was collected through questionnaires that had been tested for validity and reliability. Data analysis was performed using SmartPLS 4 software. The results showed that service quality had a positive and significant effect on taxpayer loyalty. Service quality also has a positive and significant effect on taxpayer satisfaction, and satisfaction has been proven to have a positive and significant effect on taxpayer loyalty. In addition, taxpayer satisfaction has been proven to significantly mediate the effect of service quality on taxpayer loyalty. The coefficient of determination shows that the model is able to explain 88.1% of the variation in taxpayer loyalty, while the rest is influenced by other factors outside the model. In practical terms, the results of this study emphasize the importance of improving the professionalism and competence of tax officials, consistency in service standards, and providing appreciation to compliant taxpayers in order to strengthen loyalty and voluntary compliance within the Lubuk Pakam Tax Office.

Keywords: Service Quality, Taxpayer Satisfaction, Taxpayer Loyalty.

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Introduction

Taxes are one of the main sources of state revenue that support national development financing and the provision of public services. Therefore, increasing taxpayer compliance and loyalty is a top priority for the government. According to Putri and Wahyuni (2022), taxpayer loyalty is not only determined by legal obligations but also by their perceptions and experiences of the quality of service provided by the tax authorities. In this context, quality service is a strategic factor in building taxpayer trust and satisfaction.

The quality of public services can be explained through the SERVQUAL model developed by Parasuraman, Zeithaml, and Berry, which consists of five dimensions: reliability, responsiveness, assurance, empathy, and tangibles. Haris (2020) found that these dimensions significantly affect taxpayer satisfaction at the Pekanbaru Senapelan Tax Office. This shows that the better the quality of service provided, the higher the level of taxpayer satisfaction with the tax institution.

Taxpayer satisfaction is defined as feelings of pleasure or disappointment that arise after comparing expectations with the reality of the service received (Kotler & Keller, 2019). In the taxation sector, taxpayer satisfaction serves as a bridge between service quality and loyalty. Setiawan (2025) asserts that service quality has a positive effect on customer loyalty, and this effect is even stronger when mediated by satisfaction. This finding is reinforced by Kosal (2025), who states that a good perception of service quality in the digital tax system increases user satisfaction, which ultimately has implications for loyalty to tax services.

Another study by Wardhani and Singgih (2025) at the Jakarta Senen Tax Office also shows that the quality of tax services has a significant effect on taxpayer satisfaction and compliance. Similarly, Mahendra (2020) highlights that the speed and reliability of services at the Karanganyar Samsat have a direct relationship with increased taxpayer satisfaction and loyalty. This proves that service quality is a major determinant in building long-term relationships between tax officials and taxpayers.

In the context of the Lubuk Pakam Tax Office, as an implementing unit of the Directorate General of Taxes in the North Sumatra region, the challenges faced include inconsistency in service provision by officers, limited access to information, and optimization of digital service channels. According to Rossanty (2025), trust and commitment are important factors in building taxpayer loyalty in Lubuk Pakam, but there has not been much research testing the satisfaction variable as a mediator between service quality and loyalty in this context.

Therefore, this study was conducted to analyze the role of taxpayer satisfaction in mediating the effect of service quality on taxpayer loyalty at the Lubuk Pakam Primary Tax Office. Theoretically, this study is expected to enrich the literature on public tax service management, particularly the mechanism of taxpayer satisfaction mediation. Practically, the results of this study are expected to provide useful policy recommendations for improving service quality, satisfaction, and taxpayer loyalty at the Lubuk Pakam Tax Office.

Literature Review
2.1 Theoretical Framework
2.1.1 Service Quality

Service quality for taxpayers is the extent to which face-to-face and electronic tax services meet or exceed user expectations. Iskandar & Mahyuni (2025) emphasize that service quality has a significant impact on taxpayer satisfaction through the SERVQUAL dimensions (tangibility, reliability, responsiveness, assurance, empathy).

2.1.2 Service Quality Indicators

According to Iskandar & Mahyuni (2025), the main indicators of Service Quality are:

1) Customer Satisfaction Level: Customers are satisfied with the services received, both in terms of results and service processes.
2) Service Consistency: Services are provided consistently without any decline in quality over time.
3) Timeliness: Services are completed on time as promised to customers.
4) Quick and Effective Response: Customer requests or complaints are responded to quickly and the solutions provided are effective.
5) Trust: Customers have high trust in the service provider and are likely to use the service again.
6) Clear and Transparent Communication: Information about the service is conveyed clearly, transparently, and in a way that is easy for customers to understand.
7) Adaptation and Continuous Improvement: The organization actively listens to customer feedback and continuously improves its services.

2.2 Satisfaction
2.2.1 Taxpayer Satisfaction
Aji, Erawati, & Murti (2021). Taxpayer satisfaction is a state/condition in which the expectations and needs of taxpayers in the taxation process are met; it is a measure of how well tax officials serve taxpayers.

2.2.2 Satisfaction Indicators
Taxpayer satisfaction indicators adapted from Aji, Erawati, & Murti (2021) emphasize three main determinants:
1) Service Facilities: Service facilities (service rooms, queues, equipment/systems) are adequate and facilitate the smooth running of the taxation process.
2) Employee Competence: Tax officers demonstrate adequate competence/work ability in handling my needs.
3) Responsiveness: Tax officers respond quickly to questions/complaints and provide clear solutions.

2.3 Loyalty
Taxpayer Loyalty
According to Luluk Ilma'nun (2023) in his book Taxpayer Compliance, which uses the term taxpayer compliance, based on the context, taxpayer loyalty is the commitment and loyalty of taxpayers to the taxation system.

Indicators of Taxpayer Loyalty
The indicators of taxpayer loyalty (compliance) according to Luluk Ilma'nun (2023) are:
1) Registration and ownership of a Taxpayer Identification Number (NPWP)
   Registering and possessing a Taxpayer Identification Number (NPWP) as a form of seriousness and initial commitment to the taxation system.
2) Timely Tax Return Filing
   Submitting tax returns on time and in accordance with the period stipulated by law.
3) Accurate tax calculation
   Filling out tax returns with accurate tax calculations, in accordance with regulations, without manipulation.
4) Consistent tax payments
   Making tax payments, including income tax payable and any shortfalls, on time and in full.
5) No arrears
   Consistency in fulfilling tax obligations so as not to incur arrears, or if there are any, they are paid in accordance with the provisions, such as installments.
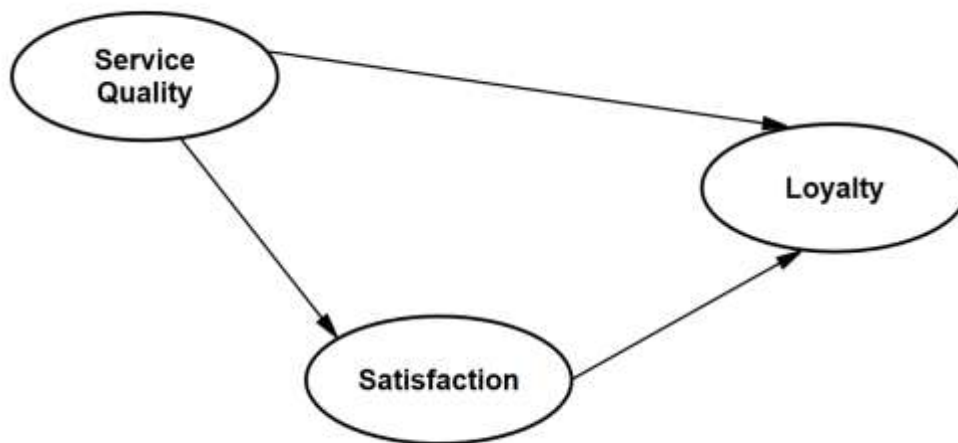
2.4   Conceptual Framework

Figure 1. Conceptual Framework

2.5   Research Hypothesis

H_1 : Service quality has a positive and significant effect on taxpayer loyalty at the Lubuk Pakam Primary Tax Office.

H_2 : Service quality has a positive and significant effect on taxpayer satisfaction at the Lubuk Pakam Tax Office.

H_3 : Satisfaction has a positive and significant effect on taxpayer loyalty at the Lubuk Pakam Primary Tax Office.

H_4 : Service quality has a positive and significant effect on loyalty through taxpayer satisfaction at the Lubuk Pakam Primary Tax Office.

Research Method

3.1   Type of Research

The type of research used by the researcher is quantitative research. This type of quantitative research is conducted to create a study that aims to adjust a study and to analyze the effect of service quality and innovation on taxpayer satisfaction and loyalty at the Lubuk Pakam Primary Tax Office.

3.2   Research Location and Time

The research location was conducted on taxpayers registered at the Lubuk Pakam Tax Office, located at Jl. P.Diponegoro No. 30A, Madras Hulu, Kec. Medan Polonia, Medan City, North Sumatra, 20152. The research was conducted over a period of 3 months, from August to October 2025.

3.3   Population and Sample

According to Sugiyono (2017), the population is a generalization area consisting of objects or subjects that have certain qualities and characteristics determined by the researcher to be studied and then conclusions are drawn. The population and sample in this study were taxpayers registered in Bakaran Batu Village, Lubuk Pakam District, with a total of 1,265 registered taxpayers. Sampling in this study was conducted using the Slovin formula.

$$n = \frac{1.265}{1 + 1.265(0,1)^2}$$
$$n = \frac{1.265}{13,65} = 93$$

Therefore, the sample size in this study is 93 taxpayers.

3.4 Research Data Sources
The data source used in this study is primary data.

Results and Discussion
4.1 *Outer Model* Analysis
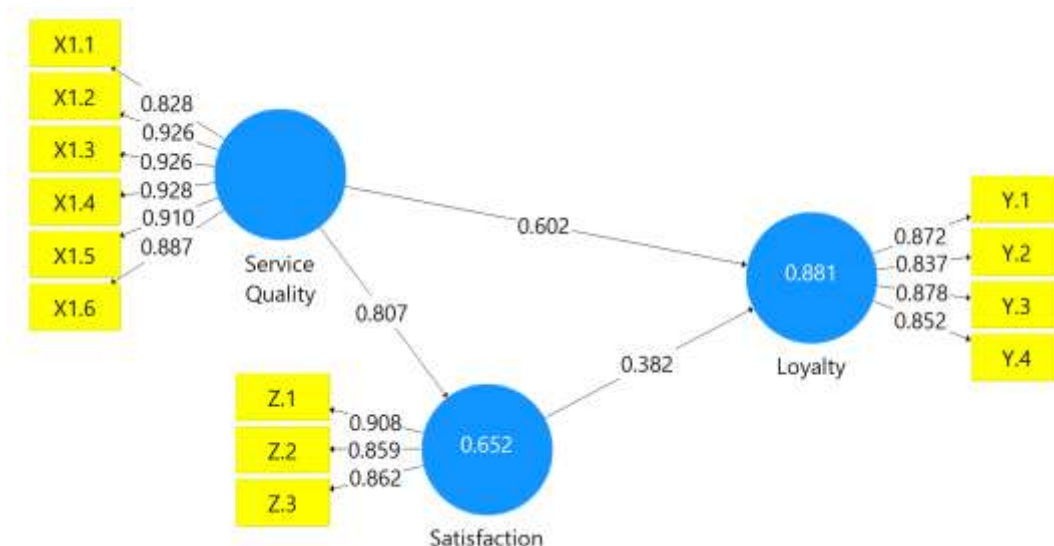*Outer Model* Analysis using *the PLS Algorithm* produced the following results:

a. **Validity Test**

Table 1. Outer Loadings Values

	Loyalty	Satisfaction	Service Quality
X1.1			0.828
X1.2			0.926
X1.3			0.926
X1.4			0.928
X1.5			0.910
X1.6			0.887
Y.1	0.872		
Y.2	0.837		
Y.3	0.878		
Y.4	0.852		
Z.1		0.908	
Z.2		0.859	
Z.3		0.862	

Source: Smart PLS Output, 2025

Based on the values in Table 1 above, which show the results of outer model testing through loading factor/outer loadings values, all indicators in each variable have a loading value ≥ 0.70. This indicates that each indicator is measured validly and strongly. Therefore, it can be concluded that all items in the questionnaire have met the validity criteria, as shown in the following figure.

Figure 1. Outer Loading

b. Reliability Test

Table 2. Construct Reliability and Validity Test

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Loyalty	0.883	0.886	0.919	0.740
Satisfaction	0.849	0.850	0.909	0.769
Service Quality	0.954	0.958	0.963	0.813

Source: Smart PLS Output, 2025

From Table 2 above, the reliability test results show that the Cronbach's Alpha and Composite Reliability values for all constructs are above 0.70. This indicates that all indicators have high internal consistency and are reliable in measuring their respective constructs. Thus, the research instrument is declared reliable and suitable for use in structural model testing.

4.2 Coefficient of Determination (R^2)

In assessing the model with PLS, we begin by looking at the R-square for each dependent latent variable. The table below shows the Rsquare estimation results using SmartPLS.

Table 3. R Square Results

	R Square	Adjusted R Square
Satisfaction	0.652	0.647
Loyalty	0.881	0.878

Source: Smart PLS, 2025

Table 3 shows the R-squared values for both dependent variables. For the satisfaction variable, the R-square value is 0.652, meaning that the influence of service quality is 65.2%, with the remainder attributable to other variables outside the model. The R square value for loyalty is 0.881, meaning that service quality and satisfaction account for 88.1%, with the remainder attributable to other variables outside the model.

4.3 Structural Model Testing (Inner Model)
4.3.1 Hypothesis Testing
a. Direct Influence Between Variables

The direct effect between variables can be seen in the *path coefficients*. The data processing results show the direct effect values in the following table.

Table 4. *Path Coefficients* (Direct Effects)

	Original Sample	T Statistics	P Values	Conclusion
Service Quality -> Loyalty	0.602	8.279	0.000	Accepted
Service Quality → Satisfaction	0.807	11,069	0.000	Accepted
Satisfaction → Loyalty	0.382	5,019	0.000	Accepted

Source: Smart PLS Output, 2025

Table 4 shows the following direct effect values:

1. Service quality has a positive and significant effect on loyalty with a t-statistic value of 8.279 above 1.96 and a significance of 0.000 below 0.05, meaning that service quality has a real effect on loyalty because the significance value is below 0.05 . The results of this study are in line with previous research findings, namely that service quality has a positive and significant effect on loyalty at PT. Badak Ice Drink Factory Pematang Siantar (Munthe & Siregar, 2025).
2. Service quality has a positive and significant effect on satisfaction with a t-statistic value of 11.069 above 1.96 and a significance of 0.000 below 0.05, meaning that service quality has a significant effect on satisfaction because the significance value is below 0.05. This study is in line with research stating that service quality has a positive and significant effect on the satisfaction of Telkomsel card users (Pulungan & Mesra, 2023).
3. Satisfaction has a positive and significant effect on loyalty with a t-statistic value of 5.019 above 1.96 and a significance of 0.000 below 0.05, meaning that satisfaction has a real effect on loyalty because the significance value is below 0.05. The results of this study are in line with previous research, which found that satisfaction has a positive and significant effect on loyalty (Wicaksono & Widodo, 2024).

b.   Indirect Influence Between Variables

The indirect effect between variables can be seen in the *specific indirect effects* value. The data analysis results show the indirect effect value in Table 5 below.

Table 5. *Specific Indirect Effects*

S o	Original Sample	T Statistics	P Values	Conclusion
Service Quality -> Satisfaction -> Loyalty	0.309	4.964	0.000	Accepted

c
e: Smart PLS, 2025

Table 5 shows the indirect effect between variables, namely service quality has a positive and significant effect on loyalty through satisfaction with a t-statistic value of 4.964 above 1.96 and a significance value of 0.000 below 0.05, meaning that satisfaction acts as an intervening variable between service quality and loyalty.

Conclusion
1. Service quality has a positive and significant effect on taxpayer loyalty at the Lubuk Pakam Primary Tax Office.
2. Service quality has a positive and significant effect on taxpayer satisfaction at the Lubuk Pakam Primary Tax Office.
3. Satisfaction has a positive and significant effect on taxpayer loyalty at the Lubuk Pakam Primary Tax Office.
4. Service quality has a positive and significant effect on loyalty through taxpayer satisfaction at the Lubuk Pakam Primary Tax Office.

Recommendations
1. Loyalty with the lowest value statement is "I have no tax arrears and fulfill all my obligations on time." Therefore, the recommendation that can be given is that the government should provide priority services or easy access for taxpayers who are always compliant and fulfill their obligations on time. Additionally, it is necessary to improve

appreciative services for compliant taxpayers, such as by providing awards or priority services, to further encourage voluntary tax compliance.

2. Satisfaction with the lowest value statement is "Tax officers are competent and able to handle my tax service needs appropriately." In this case, the government/tax office should maintain and continue to improve the competence of tax officers through continuous training and public service coaching. That way, the quality of service that is fast, accurate, friendly, and professional can be maintained and even improved. This will strengthen taxpayer confidence and encourage higher voluntary compliance.

3. Service quality with the lowest rating statement: "I am satisfied with the quality of tax services I receive." The government and tax office should continue to maintain the good quality of service by upholding the professionalism of tax officers and consistency in service standards. Additionally, conducting regular evaluations and improvements will ensure taxpayer satisfaction is maintained and even increased in line with the evolving needs of the community.

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