The Influence of Financial Knowledge on Tax Literacy with Individual Financial Management Behavior as a Mediation Variable and Living Cost as Control Variabel in Generation "Z" in Padang City

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Abstract. This study aims to examine the effect of financial knowledge and living cost on a person's tax literacy by paying attention to individual behavior (Individual Financial Management Behavior) in making financial decisions in generation Z who are in the city of Padang. This research is causative research with a purposive sampling method. The research sample was 341 students in the city of Padang as part of Generation Z. Data analysis was carried out using the Structural Equation Modeling (SEM) method using Amos.24. The study results indicate that Financial Knowledge has a positive and significant effect on Tax Literacy. Individual Financial Management Behavior also shows a positive and significant impact on Tax Literacy. Financial knowledge has a positive and significant effect on Individual Financial Management Behavior. And living cost has as a control variable on Tax Literacy Furthermore, the analysis results show that Individual Financial Management Behavior mediates the positive and significant influence between Financial Knowledge on Tax Literacy.

Keywords: Financial Knowledge · Living Cost · Individual Financial Management Behavior · Tax Literacy

1 Introduction

Tax is the largest source of income and has an essential role in financing a country. So it is an important thing to instill high tax awareness and create future generations who understand and aware of taxation known as tax literacy. One of them can be taken through an approach in the field of education. That tax literacy is the main discussion in topics related to seizing opportunities in education for the future generation.

In Indonesia, based on data from the Ministry of Finance, for 2020, tax revenue has a part of Rp. 1,865.7 Trillion or more than 83.5% of the total State Revenue and Expenditure Budget which is budgeted at Rp. 2,233.2 Trillion [1]. This condition is a particular concern for the Ministry of Finance, specifically the Directorate General of

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Taxes, as an institution that collects tax revenues from the public. But, for the last five years, tax revenue has never reached the target.

The ratio of tax revenue in Indonesia compared to Gross Domestic Product (Tax Ratio) is still very low. Based on data from the 2019 Directorate General of Taxes' Performance Report, Indonesia's tax ratio is the lowest compared to other countries in the Asia Pacific region [1]. If deducted by the contribution of local taxes, the amount of the tax ratio is still below the regional and international tax ratio standards set by the World Bank, which is 15%. One of the causes of the low tax ratio is the low awareness of the public or taxpayers regarding fulfilling tax obligations.

Based on data from the Financial Performance Report (LAKIN) of the Directorate General of Taxes in 2019, the number of registered taxpayers was 41,996,743 people, compared to the total population of Indonesia based on BPS data in 2019 amounted to 266,911,900,000 people or 16.49% [1, 2]. And of the number of registered taxpayers, only about 62.08% have reported a tax return (SPT) or 10.24% of the entire population of Indonesia. In contrast, the number of taxpayers who have carried out their tax payment obligations is even less, only 51.64% of the total number of registered taxpayers or 8.49% [1].

Education is considered important to improve the condition of low public awareness in carrying out their tax obligations. Tax awareness needs to be instilled in education through academic and non-academic learning materials. Instilling tax awareness from an early age is expected to provide tax understanding to prospective taxpayers. This tax understanding is known as tax literacy. Tax education through a specific and comprehensive academic path is obtained at the tertiary level for students who choose the economics faculty and choose accounting majors. Students are part of the younger generation and are candidates for the next future taxpayer. Students currently studying at the tertiary level are the generation born between 1995–2010. This generation is known as Generation Z [3]. According to Generation Z is also called iGeneration, net generation, or internet generation [3]. This Generation have similarities with Gen Y, but they can doing all activities simultaneously, such as tweeting, operating a cellphone, browsing with a PC, and listening to music using a headset. Generation Z is more of a digital generation that can access various information easily and quickly. They interact more socially using electronic media, are more expressive, and do multiple activities simultaneously (multitasking). So it is hoped that students as part of Generation Z who have gained knowledge of taxation both academically or through other electronic media sources can improve their understanding of taxation [4].

Tax literacy in students, students who have received knowledge about taxes, even though they have not completed it until the end of the college year, can handle taxation problems well [5]. The things that can affect a person's Tax Knowledge. From his research, it is known that there is a strong influence of increasing tax knowledge on respondents' perceptions of the tax system's fairness [5]. The results of Fallan and Eriksen's research that tax justice will increase with improving one's tax knowledge. In addition to tax knowledge, according to several researchers, financial knowledge, income, and Financial Behavior (Individual Financial Management Behavior) also affect a person's tax literacy [5].

Research that examines financial knowledge and tax literacy was carried out by Bhusan and Medury (2013) [6]. They discussed the Tax Literacy of Salaried Individuals who found that their tax literacy positively correlated with their age, education, and income level. The better the income level of a person, the better the tax literacy level of that person. But overall, the tax literacy rate in India is still low at 57.08% due to difficulties in calculating their tax obligations and filling out their tax liability forms [6].

Lewis (1984) examines the impact of tax-related knowledge and a person's behavior (Individual Financial Management Behavior) in completing their tax obligations. He found that the lack of knowledge about taxes affects their behavior in carrying out tax obligations [7].

Eriksen and Fallen (1996) also found that a person's tax knowledge is related to their behavior in completing their tax obligations. They argue that a person's tax-related behavior can be improved if the understanding of tax regulations is also enhanced. Taxpayers should be given better knowledge to improve their ethics and conduct regarding their tax obligations [8].

Financial behavior is an approach that explains how humans invest or relate to finances influenced by psychological factors (Wicaksono and Divarda, 2015). Good financial management behavior is described by having effective behaviors such as preparing financial records, documentation on cash flow (in-out), planning costs, paying electricity bills, controlling/ managing credit card use, and planning savings [8].

According to Dew and Xiao (2011), financial behavior consist of three financial dimensions, namely consumption, cash-flow management, and saving and investment. Masdupi et al. (2020) measure financial behavior (individual financial management behavior) as a person's investment management. With the better economic behavior of a person in managing investment management or behavior in making financial management decisions, it requires each individual to understand the obligations that must be carried out on the investment choices they choose [10]. One of the critical aspects of investing is the taxation aspect that arises from an investment choice. So, if someone's behavior in managing their finances, they should also understand the taxation aspect better.

In a study conducted by Masdupi et al. (2020) on productive age in West Sumatra, financial behavior can be influenced by increasing one's knowledge and financial income. So that the better the understanding and payment a person has, the better his actions in making decisions related to finances will be [10].

Actions in making financial decisions will be affected by the amount of living costs incurred each month. In a study conducted by Pucket (2012) that using the calculation of the cost of living (Cost of Living) in achieving tax balance (Tax Equity). His research results suggest that the literature will tax workers equally regardless of salary and cost of living [11].

Based on the above explanation and research that has been done by several previous researchers related that can affect a person's tax literacy. Researchers are interested in conducting research related to tax literacy and the variable that affect tax literacy. By using students as objects of research to be carried out where students are part of Generation Z by having different amounts of living costs to meet needs for a month. So in this study the researchers tried to see the relationship between financial knowledge (financial knowledge) and tax literacy in generation Z in the city of Padang by paying attention to individual behavior (Individual Financial Management Behavior) in making financial decisions even though they have different living costs.

2 Theoretical Basis

2.1 Tax Literacy

Tax literacy is the extent to which the public or taxpayers understand conceptually based on the Taxation Law (KUP), Decree of the Minister of Finance (KMK), Circular (SE), decrees, and the existence of demands for technical skills or abilities in calculating the amount of tax payable. High knowledge and insight possessed by taxpayers will impact the higher level of taxpayer compliance (Notoatmodjo, 2003).

According to Eriksen and Fallan (1984), the factors that influence tax literacy include that One's tax knowledge controls tax literacy [7]. Fallan (1996) also found that Tax Literacy is also influenced by Gender [8]. In the research conducted by Bhusan and Medury (2013) [6], Tax Literacy is influenced by gender, age, education, income, type of work, and place of work but is not affected by geographic area, which is in line with research conducted by Fallan (1996) [8]. In a study conducted by Madi (2010), Tax Literacy is affected by one's knowledge and work [13]. In line with Ramona and Nichita's (2014) research, Tax Literacy is influenced by tax knowledge [14]. Based on Moukova's (2018) research, Tax Literacy is influenced by knowledge of taxes, more specifically, namely Income Tax (Tax Literacy) and Value Added Tax (Value Added Tax) [12].

In their research, Pahlevi and Sayekti (2019) found that Tax Literacy can improve entrepreneurial abilities in competing in running a business. And Tax Literacy can be better when someone is running a business and handles their tax obligations themselves (Freudenberg et al., 2017) [14].

2.2 Financial Knowledge

Masdupi et al. (2020) put forward several theories related to financial knowledge. According to Bowen, "Financial Knowledge is defined as understanding key financial terms and concepts necessary for day-to-day functioning." "Financial Knowledge refers to an individual's understanding of financial concepts." (J. Huang, Y. Nam, and M. S. Sherraden) [10]. Another opinion defines financial knowledge as "people's knowledge of/his financial situation, not basic financial concepts and treats it as a prerequisite for making effective financial decisions" (J. Huang, Y. Nam, and MS Sherraden). Financial knowledge is the capability in understanding, analyzing and managing financial in making their right financial decisions to avoid financial problems in future (YK Halim and D. Astuti) [14].

Knowledge of finance is increasingly showing developments and is being introduced at various levels of education. Financial education is also very close and attached to everyday life, such as how to use the income earned and manage the income for investment or daily life. Therefore, financial education is good if it is taught at an early age so that later when you grow up, a person can apply the knowledge he has appropriately obtained. So it can be concluded that financial knowledge can be used in various aspects of human life, both for daily use and for an extended time.

2.3 Individual Financial Management Behavior

Financial management behavior studies about humans habits in a financial decision, especially learning how psychology affects financial decisions, companies, and financial markets. The two concepts described that financial behavior is an approach explaining how humans doing their investment or connect to finances influenced by psychological factors (Wicaksono and Divarda, 2015) [9].

Ricciardi (2005) conclude that financial behavior is a discipline in which the interaction of various disciplines is embedded and continuously integrated so that the discussion cannot be isolated [9]. Financial behavior is consist of on some different assumptions and ideas from economic behavior. The linkage of emotions, traits, preferences and different kinds of things inherent in humans as intellectual and social beings will interact with the emergence of decisions to take action.

According to Chinen et al. (2012), individuals who can make right financial decisions will not have financial problems in the future, create healthy financial behavior, and determine priority needs. Good financial behavior is described by having effective behaviors such as preparing their financial records, documentation on cash in-out flow, planning their costs, paying their electricity bills, control how using their credit card, and planning their savings (Zaimah et al., 2010) [9].

2.4 Living Cost

Actions in making financial decisions will be affected by the amount of living costs incurred each month. In a study conducted by Pucket (2012) that using the calculation of the cost of living (Cost of Living) in achieving tax balance (Tax Equity). His research results suggest that the literature will tax workers equally regardless of salary and cost of living [11].

2.5 Conceptual Framework

The conceptual framework shows the effects of independent variables on dependent variables through mediation variables. The dependent variable in this study was tax literacy. Independent variables is financial knowledge. The mediation variable in this study is individual financial management behavior. And the control variable is living cost.

Tests on variables are carried out through direct and indirect testing. Direct testing is indicated by four arrows that are directly related to the tax literacy variable to describe the effect of the financial knowledge variable and individual financial management behavior variable. Direct testing is also carried out on individual variables of individual financial management behavior to determine the effect of financial knowledge variables. And direct testing also carried out on living cost as a variable control to determine the effect on tax literacy.

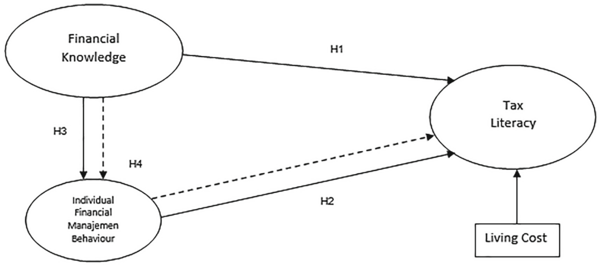

Fig. 1. Conceptual Framework

In addition to direct testing, indirect testing is also carried out, revealing the influence of financial knowledge on tax literacy with individual financial management behavior as a mediating variable and living cost as a control variable.

To provide a clear understanding, the conceptual framework of this research can be seen in the following figure:

2.6 Hypothesis

Based on the conceptual framework above, it can be formulated a research hypothesis between variables as follows:

H1: Financial knowledge has a significant positive effect on tax literacy.
H2: Individual Financial Management Behavior has a significant positive effect on tax literacy.
H3: Financial knowledge has a significant positive effect on individual Financial Management Behavior.
H4: Financial knowledge has a significant positive effect on Tax Literacy with Individual Financial Management Behavior as a mediating variable.

3 Methods

The type of this analysis using causative research, that attempts to determine the causal relationship or problem-solving study to see how much the exogenous variable influences endogenous variables. The analytical method used in this research is by using SEM analysis. Then, using AMOS.24 software, a questionnaire was distributed to 341 university student respondents in Padang City as part of Z Generation.

The sampling technique using clustered sampling method. This method includes a non-probability sampling method because it has unique criteria. It is a data collection technique by selecting one group at one level to conduct a survey. Clustering is undertaken based on year-level lectures and students who took taxation courses in their final year of study.

4 Research Results and Discussion

4.1 Results

Research using SEM approach. The analytical tool used in analyzing SEM modeling and hypothesis testing using AMOS version 24 [15].

Based on the data on the Table 1 it can be seen that the dominant gender is female, with 230 people (67.4%). The ***pre***dominant age is 20–24 years, with 176 people (51.6%). Most respondents are students and not yet working, accounting for 271 people (79.5%). The most income of respondents amounts Rp 1.000.000–Rp 2.000.000**-** showed 204 people (59,8%).

Table 1. Characteristics of Respondents

Respondents	Frequency	Percents (%)
Gender		
Male	111	32,6
Female	230	67,4
Age		
- 18–20	89	26,1
- 20–24	176	51,6
- >24	76	22,3
Occupation		
Students and not yet working	271	79,5
Students	70	20,5
Income		
- 1–2 Million	204	59,8
- 2–3 Million	93	27,3
- > 3 Million	44	12,9
Year of School		
- 3rd Year	173	50,7
- 4th Year	168	49,3
Major in High School		
- Social Science	248	72,7
- Non-Social Science	93	27,3
Processed Questionnaire	341	100

4.2 Confirmatory Factor Analysis (CFA)

4.2.1 *Overall Confirmatory Factor Analysis (CFA)*

The overall measurement model analyzes convergent validity, discriminant validity, construct reliability, and the fit model of the four latent variables simultaneously. If the comprehensive measurement model can meet the model fit requirements, the model can be continued at the next stage, namely the structural model. Constructs or latent variables included in the structural model are only valid constructs. Figure 2 is the result of the overall measurement model modified by correlating the largest error value to reduce Chi-square. The overall CFA model test has been carried out to obtain the appropriate GOF criteria shown in Fig. 1.

After testing the overall CFA model, the results are obtained to get the appropriate GOF criteria, as shown in Table 2.

Based on Table 2, it can be seen that almost all GOF values show better fit because they have met their respective cut off values, namely the value of DF 1756 > 0, CMIN/DF 1,281 < 2, RMSEA 0,029 < 0,08, CFI 0,980 > 0,90.

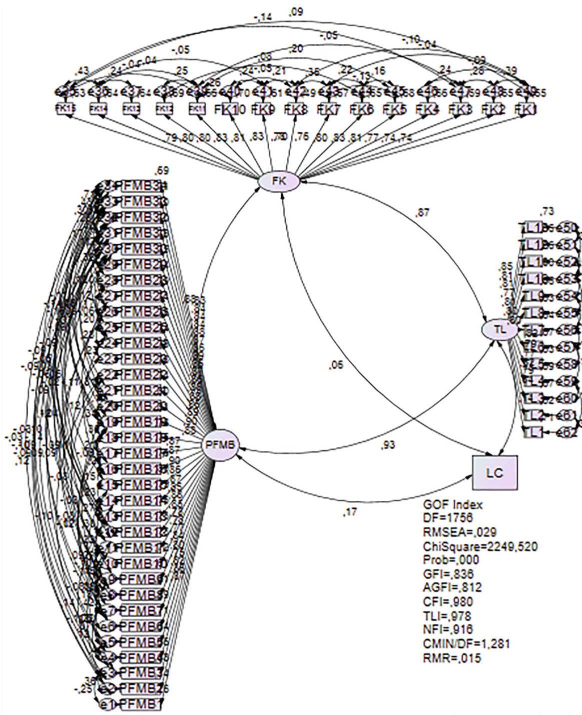

Fig. 2. Modification Overall Confirmatory Factor

Table 2. Goodness of Fit Overall CFA

Goodness Of Fit Index	Cut – Off Value	Estimated Results	Evaluation
Chi square		2237,417	Marginal
Probability	>0,05	0,000	Marginal
DF	>0	1757	Better Fit
Goodness Of Fit Index	Cut – Off Value	Estimated Results	Evaluation
CMIN/DF	<2	1,273	Better Fit
GFI	>0,90	0,837	Marginal
RMSEA	<0,08	0,028	Better Fit
CFI	>0,90	0,981	Better Fit
AGFI	>0,90	0,813	Marginal
TLI	>0,90	0,978	Marginal

4.3 Structural Equation Modeling (SEM)

4.3.1 Goodness of Fit Test

Calculating the value of goodness of fit is the main goal in SEM to see how far the hypothesized model is "Fit" or fits the sample data Fig. 3 is the result of the Goodness of Fit Test, which CFA has modified to obtain the appropriate GOF criteria.

In Table 3, the results of the overall CFA model test have been modified based on the appropriate GOF criteria.

From data presentation in Table 3, it can be seen that almost all GOF Value show *better fit* because it has fulfilled its *cut off value* which is DF 1757 > 0, CMIN/D 1,273 < 2, RMSEA 0,028 < 0,08, CFI 0,981 > 0,90.

4.4 Hypothesis Testing Result

4.4.1 The Direct Influence Hypothesis

Hypothesis testing in this study was used to answer questions and analyze the structural model relationships. The data analysis on the direct relationship hypothesis can be seen from the value of the standardized regression weight, which indicates the influence of the coefficients between variables in Table 4.

Hypothesis 1: The parameter estimation of the standardized regression weight coefficient produces a value of 0.187 and a CR value of 3.272; this indicates that the relationship between Financial knowledge and Tax Literacy (TL) is positive. So it can be concluded that the better Financial Knowledge a person has in this study, namely students as part of Generation Z, the higher the student's tax literacy (TL). The relationship between these two variables obtained a probability value of 0.001 ($p < 0.05$). It means (H1) "Financial knowledge has a significant positive effect on tax literacy" is supported, and it can be stated that financial knowledge has a direct influence on tax literacy/ Tax Literacy (TL).

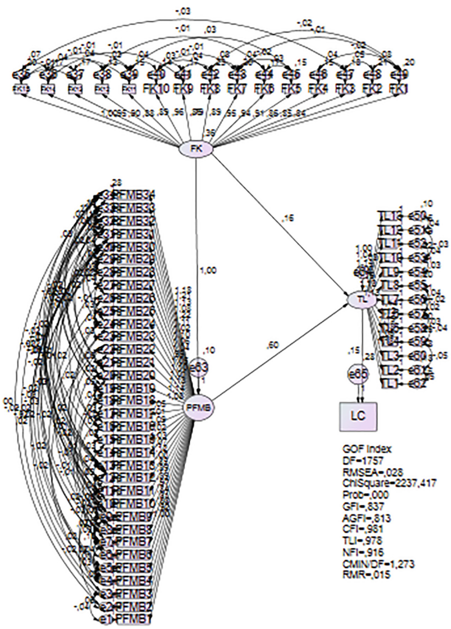

Fig. 3. Modification Goodness of fit SEM

Table 3. Goodness of Fit Overall SEM Modification

Goodness Of Fit Index	Cut – Off Value	Estimated Results	Evaluation
Chi square		2237,417	Marginal
Probability	>0,05	0,000	Marginal
DF	>0	1757	Better Fit
CMIN/DF	<2	1,273	Better Fit
GFI	≥0,90	0,837	Marginal
RMSEA	≤0,08	0,028	Better Fit
CFI	≥0,90	0,981	Better Fit
AGFI	≥0,90	0,813	Marginal
TLI	≥0,90	0,978	Marginal

Sources:AMOS. 24

Hypothesis 2: The estimated parameter value of the standardized regression weight coefficient produces a value of 0.768 and a CR value of 11.91; this indicates that Individual Financial Management Behavior towards tax literacy (TL) is positive. So it can be summarized that the better the financial behavior / Individual Financial Management Behavior that a person in this study is as a student as part of Generation Z, the student's tax literacy (TL) will increase. Testing the relationship between the two variables

Table 4. Standardized Direct Effects regression weight

	FK	PFMB	TL
PFMB	0,886	0	0
TL	0,187	0,768	0

Table 5. Relationship between variables

	Estimate	S.E	C.R	P	Label
PFMB ← FK	0,996	0,06	16,743	0,000	Significant Positive
TL ← FK	0,164	0,05	3,272	0,001	Significant Positive
TL ← PFMB	0,599	0,05	11,91	0,000	Significant Positive
LC ← TL	0,148	0,057	2,625	0,009	Significant Positive

obtained a probability value of 0.000 ($p < 0.05$). So, (H2) that "Individual Financial Management Behavior has a significant positive effect on tax literacy" is supported, and it can be stated that Individual Financial Management Behavior has a direct influence on tax literacy (TL).

Hypothesis 3: The estimated parameter value of the standardized regression weight coefficient produces a value of 0.886 and a CR value of 16.743; this indicates that Financial Knowledge on Individual Financial Management Behavior is positive. So it means that the better the financial knowledge that a person in this study is as a student as part of Generation Z, the better the student's financial behavior/Individual Financial Management Behavior. The relationship testing between the two variables obtained a probability value of 0,000 ($p < 0,05$). So that (H3) "Financial knowledge has a significant positive effect on Individual Financial Management Behavior" is supported, and it can be identified that Financial knowledge directly influences individual financial management behavior.

4.4.2 The Indirect Effect Hypothesis

Testing on hypotheses with an indirect effect can be conducted by comparing the standardized direct effect values in Table 4 with standardized indirect effects in Table 6 to see the mediation relationship between the independent variable and the dependent variable through the mediating variable. So it can be concluded that if the value of the standardized direct effect is smaller than the value of the standardized indirect effect, the mediating variable has an indirect impact between the independent variables on the dependent variable.

Hypothesis 4: The influence between Financial knowledge and Tax Literacy is mediated by Individual Financial Management Behavior, looking at the value between direct effect < indirect effect value, testing the relationship between the two variables indicates

Table 6. Standardized indirect Effects regression weight

	FK	PFMB	TL
PFMB	0	0	0
TL	0,68	0	0
LC	0,125	0,11	0

a value of 0.187 < 0.68, this demonstrates that Individual Financial Management Behavior mediates the effect of Financial knowledge on positive Tax Literacy. It means that the higher the financial knowledge possessed by someone in this study who is a student as part of Generation Z, it will improve Individual Financial Management Behavior and impact increasing the student's Tax Literacy. It shows that (H4) "Financial knowledge has a significant positive effect on Tax Literacy with Individual Financial Management Behavior as a mediating variable" is supported. It also can be stated that there is an indirect influence between Financial Knowledge and tax literacy.

This result means that the higher the financial knowledge possessed by someone in this study who is a student as part of Generation Z, it will improve Individual Financial Management Behavior and impact increasing the student's Tax Literacy. So that (H4) "Financial knowledge has a significant positive effect on Tax Literacy with Individual Financial Management Behavior as a mediating variable" is supported. It can be stated that there is an indirect influence between Financial Knowledge / Financial Knowledge and tax literacy/Tax Literacy.

4.4.3 The Control Variable

The Effect of Living Cost on Tax Literacy as a Control Variable for students as part of Generation Z in Padang City based on research conducted that the variables of financial knowledge/Financial Knowledge and Financial Behavior/Individual Management Financial Management Behavior jointly affect tax literacy. with the Living Cost as the control variable in indirect effect. In Table 5 it is known that the correlation coefficient value is 0.148 with a probability of 0.009. So it can be concluded that the cost of living for students as part of Generation Z affects their level of tax literacy even though in the study it was used as a control variable whose value was deliberately fixed to eliminate the bias caused in assessing its effect on the related variables.

4.4.4 Sobel Test

4.4.3.1 Indirect Effect of Financial Knowledge Variables on Tax Literacy Through Individual Financial Management Behavior Variables

The indirect effect between the mediated variables can be found using the Sobel test, as shown in the Fig. 4.

Based on the result by using Sobel test calculator in Fig. 4 that A is the regression coefficient value of the Financial Knowledge variable to the Individual Financial

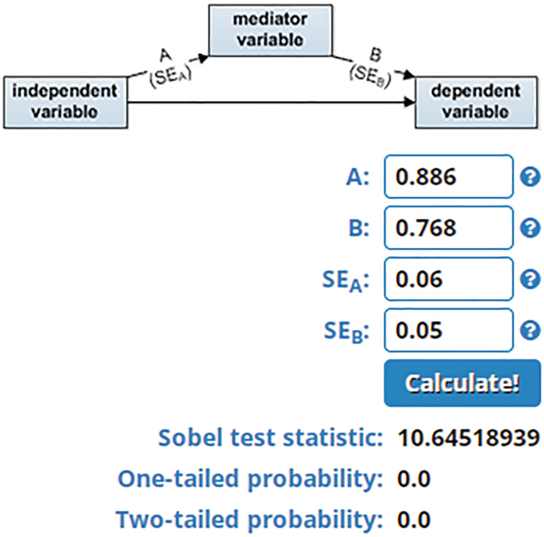

Fig. 4. Sobel Test Calculator. Source: Sobel test using Online Calculator

Management Behavior variable of 0.886, B is the regression coefficient value of the Individual Financial Management Behavior variable to the Tax Literacy variable of 0.768. SEA is the standard error value of the influence of the Financial Knowledge variable on the Individual Financial Management Behavior variable of 0.06. At the same time, SEB is the standard error value of the influence of Individual Financial Management Behavior on the Tax Literacy variable of 0.05. A variable having an indirect effect if the value obtained through the Sobel test is > 1.660 with a significant 5%. The results of the Sobel test get a z value of 10,6452, so $10{,}6452 > 1.660$, so there is an indirect effect of the Financial knowledge variable on tax literacy/Tax Literacy through the Individual Financial Management Behavior variable.

4.5 Discussion

Financial knowledge has a positive relationship with tax literacy. A research by Bhusan and Medury, (2013) concluded that the higher/better a person's level of financial knowledge would impact the better tax literacy they have. So this research supports research that has been done previously [6].

Individual Financial Management Behavior has a significant positive effect on tax literacy. It means that Individual Financial Management Behavior directly influences Tax Literacy. The results of this study are in line with research conducted by Lewis (1984) and Fallan (1996) [2]. According to their study, individual financial management behavior positively correlates with tax literacy. A study conducted by Lewis (1984) examined the impact of knowledge related to taxes and a person's behavior in completing his tax obligations. He found that the lack of knowledge about taxes affects their behavior in carrying out tax obligations.

Furthermore, Eriksen and Fallen (1996) also found that a person's tax knowledge is related to their behavior in completing their tax obligations [8]. They argue that a person's tax-related behavior can be improved if the understanding of tax regulations is also enhanced.

The research conducted by Masdupi et al. (2020) in measuring financial behavior (Individual financial Management Behavior) is to assess how one's investment management is (Masdupi et al., 2020) [10]. With the better financial behavior of a person in managing investment management or behavior in making financial management decisions, it requires each individual to understand the obligations that must be carried out on the investment choices they choose. One of the important aspects of investing is the taxation aspect that arises from an investment choice. It's better someone's behavior on manage their finances, they should also understand the taxation aspect better.

Financial knowledge has a significant positive effect on Individual Financial Management Behavior. It is supported, and it can be stated that Financial knowledge directly influences individual financial management behavior. So this research supports research that has been done previously (Masdupi et al., 2020). In the study conducted by Masdupi and colleagues (2020) on people of productive age in West Sumatra, financial behavior can be influenced by increasing one's knowledge and financial income [10]. This means that the better the knowledge and income a person has, the better their actions in making decisions regarding financial matters will be.

Financial knowledge has a significant positive effect on Tax Literacy with Individual Financial Management Behavior as a mediating variable. It is supported, and it can be stated that there is an indirect effect between Financial Knowledge/Financial knowledge and tax literacy (Tax Literacy). The study results are in line with research conducted by Bhusan and Medury (2013) that financial knowledge has a positive relationship with tax literacy. From the research they did, it was concluded that the higher/better the level of a person's financial knowledge, the better the tax literacy they have. So this research supports research that has been done previously (Bhusan and Medury, 2013) [6].

The results of this study are also in line with the research conducted by Lewis (1984) and Fallan (1996). According to their study, individual financial management behavior positively correlates with tax literacy. Lewis (1984) examined the impact of knowledge related to taxes and a person's behavior in completing his tax obligations. He found that the lack of knowledge about taxes affects their behavior in carrying out tax obligations [7].

Furthermore, Eriksen and Fallen (1996) also found that a person's tax knowledge is related to their behavior in completing their tax obligations. They argue that a person's tax-related behavior can be improved if the understanding of tax regulations is also improved [8].

The Effect of Living Cost on Tax Literacy as a Control Variable of Generation Z in Padang City based on research conducted that the variables of Financial Knowledge and Individual Management Financial Management Behavior have effect to tax literacy. And Living Cost as the control variable has a influence in their tax literacy. So it can be concluded that the cost of living for students as part of Generation Z affects their level of tax literacy even though in the study it was used as a control variable whose value was deliberately fixed to eliminate the bias caused in assessing its effect on the related variables.

5 Conclusions and Suggestions

5.1 Conclusion

Based on the hypothesis testing that has been done, it can be concluded as follows: (1) The analysis shows that Financial knowledge has a significant positive effect on tax literacy. The more Financial Knowledge, the higher one's tax literacy will be; (2) The analysis shows that Individual Financial Management Behavior has a significant positive effect on tax literacy. The higher a person's Individual Financial Management Behavior, the higher his tax literacy will be; (3) The analysis shows that Financial knowledge has a significant positive effect on Individual Financial Management Behavior. The higher the Financial Knowledge, the higher the Individual Financial Management Behavior of a person; (4) The analysis shows that Financial knowledge has a significant positive effect on Tax Literacy with Individual Financial Management Behavior as a mediating variable. The higher the Financial Knowledge, the higher one's tax literacy will be influenced by the Individual Financial Management Behavior.

5.2 Suggestion

Based on the research conclusions, suggestions are obtained as a reference for related parties. The recommendations for this research are: (1) For the government to give information that students as part of Generation Z who will become future tax payer candidates should increasingly have better tax literacy. It can be done by providing better tax knowledge/education, whether in the tax material/information in the school itself or by improving the curriculum in the education system by incorporating lessons on taxes from the basic education level.It is recommended that the following studies use other variables on the P&G product and add additional variables that are likely to affect the company's loyalty; and (2) For further research, it is expected to be able to conduct research on students or generation Z with the same sample criteria for a wider area coverage, such as West Sumatra or all of Indonesia. So that the results of the study can describe the tax literacy of Generation Z as a future tax payer candidate for the Republic of Indonesia.

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