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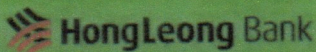


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PERSONAL TAXPAYERS' OBEDIENCE IN PAYING TAXES

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Abstract

Every change on tax regulation indicates a change which is important for Indonesian taxation system. The consequences is that it will lead to tax sanction namely adiministrative and criminal sanctions for those taxpayers who do not obey in paying their tax. This study aims to analyze what factors affecting taxpayers' obedience in paying their tax. The subject of this study was those personal taxpayers in the area of Pratama tax office, covering from western, eastern, and central Semarang consisting of 100 people whose questionnaires then will be analyzed using multiple regression analysis. The result of the test showed that attitude, knowledge, tax regulation understanding have positive significant effect on obedience to pay taxes, while the perception on the effectiveness of tax system and fiskus service have negative significant effect on obedience to pay taxes.

Keywords: Tax Regulation, Tax Paying Obedience, Administrative Sanction, Criminal Sanction, Pratama Tax Office.

Background of the Study

Every personal taxpayer who have got NPWP (Tax ID) must pay their tax especially tax income according to chapter 21 in line with PJ.091/KUP/UU/001/2013 about general statement and tax regulation. In fact, the obedience to pay taxes in Indonesia is still low, showed from the lack of personal taxpayers registered as taxpayers and among them only a few of them report their tax. This can be seen from non optimal tax revenue which is reflected from tax ratio, a comparison between total tax revenue and dibandingkan dengan Gross Domestic Product (PDB) in the country. Indonesian tax ratio in 2010 was targeted to reach 12%. The tax ratio which is only 12% is the lowest one since 2005. Comparing with the neighboring countries such as Malaysia and Singapore whose tax tariff is lower (Wikipedia, 2014), Indonesian tax ratio is far smaller. While the ideal tax ratio for developed country according to Gunadi (2004) is between 15%-20%. This shows that Indonesian tax ratio is low enough. The low tax indicates non optimal tax collection.

The other phenomena are (1) there is a case and an issue of tax mafia and corruption are suspected to be a reason why it is lack of people's awareness in paying tax where until now is considered as the cause of slow increase of tax ratio; (2) there is tax mafia case by Gayus Tambunan in 2010 which makes less resistance towards the tax obedience is increasing; (3) tax digression; (4) there is negative cooperation (intrigue) among persons in tax where also involves high officials with those disobey taxpayers; (5) using false bank validation; (6) hacking tax database, and several other aspects which can be refusal of taxpayers to fulfill their responsibility. Considering those phenomena, therefore, Directorate General of Taxes tries to increase tax income. However, tax collection is not something easy to do, besides the active role of taxation officers, the willingness of taxpayers to pay their tax is also demanded. Their willingness is something important in tax collection.

Some of the studies in taxation have been conducted but they still have different result. Widayati and Nurlis (2010) stated that knowledge and understanding taxation has positive significant effect on the willingness to pay taxes, while the awareness to pay taxes and the perception on the effectiveness of taxation system has positive effect but it is not significant. Difference with Utami (2012), she stated that the awareness to pay taxes, knowledge and understanding taxation system has negative significant effect on tax paying obedience but the perception on the effectiveness of taxation system is negative and not significant. Handayani (2012) also stated that the awareness of paying tax and knowledge and understanding taxation system have negative significant effect on tax paying obedience. Hadiningsih and Yuliana (2011) stated that the awareness of paying tax and service quality have positive significant effect on the willingness to pay taxes but knowledge on taxation and the perception on the effectiveness of taxation system have positive effect but it is not significant. Mustikasari (2007) showed that the attitude of disobeying tax has positive significant effect on intention to have disobedience attitude.

Hypotheses Development

Attitude

Attitude is evaluative statements, either it is wanted or not wanted, dealing with object, person or event (Mustikasari, 2007). Attitude takes the most important role in determining someone's behaviour in his environment. There are three components of attitude which affect someone's behaviour, namely *cognitive*, *emotional* or *affective*,

and attitude (Ajzen, 1991). The indication of these attitudes is the existence of obedience or disobedience feelings appearing from individual evaluation on the belief towards the result achieved from those certain attitudes. Mustikasari (2007) showed that tax paying obedience has positive significant effect on the intention to have tax obedience behaviour.

H1: Attitude has positive effect on the willingness to pay taxes.

Knowledge and Understanding of Tax Regulations

Knowledge and understanding of tax regulations are reasoning and catching the meaning of tax regulations (Widayati dan Nurlis, 2010). Knowledge and understanding of tax regulation are the foundation for understanding the taxation deeper. People will not pay the tax if they do not understand the tax regulations. The understanding of taxation is aimed to lead awareness of taxpayers for paying tax. Widayati and Nurlis (2010) said that knowledge and understanding of tax regulations have positive and significant effects towards obedience for paying tax.

H2: Knowledge and understanding of tax regulations have positive effect on willingness for paying tax.

The Perception on the Effectiveness of taxation systems

Perception is the process of one's activity in giving impression, assessment, opinion, understanding, organization, interpretation that enable situations, events that may give the impression of a positive or negative behavior (Robbins,1996). Effectiveness has the sense of a measurement that states how far the target (quality, quantity and time) has been reached. Widayati and Nurlis (2010); Rizki (2010) said that effectiveness does not significantly affect the compliance of paying taxes. However, the tax system is perceived to be easier for taxpayers to pay taxes. The tax system is also developed to be more diverse. Then, the use of information technology and the easiness of paying taxes will make taxpayers helped.

H3: good perception on taxation system has positive effect on willingness for paying taxes.

Fiskus Service (Tax Officers)

Services of Fiskus can be interpreted as a way to help, take care of the tax payer or prepare all the required purposes of taxpayer (*Dirjen Pajak*, 2005). The tax officers are expected to provide good service to taxpayers, so that taxpayers want to pay their taxes. A quality service should be started from the needs of the taxpayer and end on perception of the taxpayer. This means that a good image quality is not based on the viewpoint or perception of service providers but from the standpoint of the taxpayer perception. The quality of tax officers' service is the responsibility of the entire organization of companies. Therefore, the quality depends on the ability of their service in meeting the expectations of taxpayers consistently. Pancawati (2011) found out that service of tax authorities has a positive and significant impact on compliance to pay taxes.

H4: service of tax authorities has positive effect on the willingness for paying tax.

RESEARCH METHOD

Population and sample

The population in this study was individual taxpayers registered in the tax office Western, Eastern, and Central Semarang. The research sample was conducted by using purposive sampling with criteria: (1) The subject was the personal taxpayers, not corporate taxpayers; (2) they paid directly at the tax office in West, East, and Central Semarang without representatives; and (3) they are willing to give answers to the survey. Based on these criteria it was obtained 100 respondents.

Research Variables and Operational

Attitude

Attitude is the tendency to respond, but instead of responds itself. Attitude is a form of evaluation or reaction feeling. Someone's Attitude towards an object is the feeling of support or siding (favorable) or feelings of support or impartial (unfavorable) on the object. This variable was measured using a questionnaire that was assessed using the 5-point Likert scale. the questionnaires are: (a) willingness to pay more than it should; (b) the establishment of a reserve fund for tax audits; (c) feelings of taxation which is not transparent; (d) feeling disadvantaged by the tax system; (e) the cost of bribes to tax authorities that is smaller than the tax can be saved.

Knowledge and Understanding of Tax Regulation

Knowledge and understanding of tax regulations are reasoning and catching the meaning of tax regulations. This study uses indicators that are a replication of the questionnaire of Widayati and Nurlis (2010). this variable was measured using a questionnaire that was assessed the 5-point Likert scale. The questionnaires are: (a) every taxpayer who has income must register to obtain NPWP; (b) every taxpayer should know their rights and obligations in taxation; (c) if it does not carry out tax obligations, it must be penalized; (d) taxes are paid based on net income minus PTKP that is then multiplied by the applicable; (e) knowledge and understanding of tax regulations were derived from the socialization held by KPP; and (f) knowledge and understanding of tax regulations were derived from training.

The Perception on the Effectiveness of Taxation Systems

Perception is the process of one's activity in giving the impression, assessment, opinion, understand, organize, interpret that enable situations, events that may give the impression of a positive or negative behavior (Robbins,1996). While Effectiveness has the sense of a measurement that states how far the target (quality, quantity and time) has been reached. this variable was measured by using a questionnaire that was assessed the 5-point Likert scale. the questionnaires are: (a) tax payments through e-banking is easy, safe and reliable; (b) tax reporting via e-SPT and e-Filling are highly effective; (c) SPT submission via the drop box can be done anywhere and facilitate taxpayers; (d) The latest tax regulations can be updated via internet easily and quickly; (e) NPWP registration via e-Registration motivates you to meet tax obligations.

The Service of Tax Officers (Fiskus)

Services of tax officers can be interpreted as a way to help, take care of the tax payer or prepare all the required purposes of taxpayer. This variable was measured by using a questionnaire that was assessed using the 5-point Likert scale. The questionnaires are: (a) Fiskus operates transparently, ie being open in carrying out its duties and responsibilities in accordance with applicable regulations; (b) Fiskus volunteered to help with the difficulties taxpayers (willing to provide counseling); (c) Fiskus continues to maintain neatness in appearance in accordance with generally accepted decency; (d) Fiskus maintains a well-spoken and behave in accordance with the general norms; (e) Fiskus provides services quickly and deftly to help trouble taxpayers.

Obedience for Paying Taxes

Obedience to pay taxes is a value that is willingly contributed by someone (defined by rules) which is used to finance public expenditure the state does not receive reciprocal services (contra) directly. This variable was measured by using a questionnaire that was assessed using the 5-point Likert scale. the questionnaires are: (a) before making payment of tax, the taxpayer consults with the parties that understand the tax regulations; (b) taxpayers prepare necessary documents to pay taxes; (c) taxpayer tried to find information about where and how to pay taxes; (d) Taxpayers seek information about the tax payment deadline; (e) Taxpayers are willing to allocate funds to pay taxes.

Technique of Data Analysis

The analysis technique employed in this study was multiple linear regression analysis to analyze more than one independent variable with linearity model as follow:

$$Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$$

Where:

Y	=	Tax paying obedience
α	=	Constant
$\beta_1.. \beta_5$	=	Regression coefficiency
X1	=	Attitude
X2	=	Knowledge and taxation regulation understanding
X3	=	Perception on the effectiveness of taxation system
X4	=	Fiskus service
ε	=	Error

FINDINGS AND DISCUSSION

Attitude

The test result on the attitude showed direction to positive coefficiency with the t value of 3.171 and the significant level 0,02. The significance value is lower than the sginificant level $\alpha = 0,05$, so that **H1 is accepted**. Ajzen's attitude theory has become one of theories which is good to explain and predict behaviour, besides, the theory on behaviour also has been used to predict behaviour widely. Planning behaviour theory assumes that individuals are rational, they use available information and consider implication from their action. The main factor of behaviour theories is someone's intensity to do certain behaviour. The theory conceptually propose three independent

factors of the intensity (Ajzen, 1991), where one of them is attitude. Attitude toward a particular behaviour is considered as positive or negative assesment from someone towards certain behaviour which will be created. Tax paying is not a voluntary action because there is a regulation which makes someone included in the taxpayers to pay some of his money to be collected to the country. Nevertheless, without the existance of positive attitude about tax and the advantage from the tax, so unwillingness to pay the tax can appear in the taxpayers which can lead to low intensity or intention to fulfill the responsibility. This finding is in line with the study of Mustikasari (2007) who stated that taxpayers' attitude of tax paying obedience has positive significant effect on tax obedience.

Knowledge and Taxation Regulation Obedience

The test result on knoweldge and taxation regulation understanding showed direction toward positive coefficience with the t value of 2.654 and the significant level of 0,012. The significant value of the test is lower than the significant level $\alpha = 0,05$, so that **H2 is accpeted**. Knowledge and understanding are one of the sources of someone's perception. The existance of knowledge and understanding on an object can stimulate a perception on individual. Knowledge and understanding about taxation system can open someone's insight about what tax is and its advantages are in general. Positive perception can lead to positive attitude so that it will stimulate correct worldview. The correct worldview of taxpayers can give awareness to them to pay their tax, vice versa, negative view will occur due to lack of knowledge and understanding about tax and its advantages. This finding is in line with the study conducted by Widayati and Nurlis (2010) Hadiningsih (2011) and Handayani (2012) who showed knowledge and understanding about tax regulation have positive significant effect on tax paying obedience.

Perception on the Effectiveness of Taxation System

The test result on perception on the effectiveness of taxation system showed direction toward negative coefficience with t value of -4.201 and significant level of 0,215. The significant value of the test is higher than the significant level $\alpha = 0,05$, so that **H3 is rejected**. The understanding about the effectiveness of taxation system seems not to be a gurantie of the taxpayers' obedience. The view about tax utilization which is not effective where many tax corruption cases can decrease the attitude of taxpayers where many of them feel lazy to pay their tax, moreover with compliance and honest feelings. Eventhough the taxation system in Indonesia has been used online system which can be accessed wherever and whenever, the fact shows that Indonesian people especially villagers, have not been well informed about the system so that their perception on taxation system is still complicated and not effective.

Fiskus Service

The test result on fiskus service showed direction toward negative coefficience with the t value of -1.289 and significant value of 0,162. The significant value of the test is higher than the significant level $\alpha = 0,05$, so that **H4 is rejected**. This shows that the service from tax officers can be external factor in improving the willingness to pay taxeses. An easy good service can create positive perception on taxpayers which can direct to positive evaluation from taxpayers. However, the fact shows that friendly good service of tax officers can not gurantie taxpayers' obedience to pay their tax. This

finding is not in line with the study of Hadiningsih (2012) who stated that good service of fiskus has positive significant effect on tax paying obedience.

Limitations and Suggestion for Further Studies

The variables observed in this study have the ability reaching to 42,7% in explaining tax paying obedience while the rest (57,3%) is effected by other variables, such as self awareness of taxpayers, socialization from tax offices, etc. therefore, further studies may involve aspects which become barriers of taxation such as perception on tax corruption, tax mavia, and other tax cases as moderator variables or intervening variables.

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